

## **PROPOSED REGULATORY ACTION BY CALPERS**

### **Amend Sections 599.502 and 599.506 of Title 2 of the California Code of Regulations**

#### **Section 599.502, subdivisions (a) through (f), subsection (1)**

These subdivisions remain unchanged.

#### **Proposed Amendment to Section 599.502, subdivision (f), subsection (2):**

- (2) An employee or annuitant may at any time change his or her enrollment from self and family to self alone, or delete an eligible family member who is a child who has attained the age of 18 or enters military service. An employee or annuitant may decrease family member enrollment from self and two or more to self and one family member on or after the day on which the last family member in excess of one:
  - (A) ceases to be a family member;
  - (B) becomes enrolled in another basic group plan; or
  - (C) In case of a spouse, ceases to live in his or her household or enters military service.
  - (D) A spouse whose enrollment is terminated on the basis of ceasing to live in the household may not be enrolled thereafter except during an open enrollment period or pursuant to the carrier's certification of acceptability under its underwriting standards.
  - (E) A family member who is a spouse or a child who was deleted from an employee's or annuitant's enrollment upon entering military service or was in military service at the time of initial enrollment or at the time he or she became a family member may be enrolled upon return from military service.
- (3) Except as described in 599.506 (f), ~~W~~when a mandatory change of enrollment results in a retroactive cancellation or deletion of enrollment and creates a difference in premium based on the date a family member became ineligible for coverage and the date an employee or annuitant changed his or her enrollment to delete the ineligible family member, the employer and employee or annuitant may receive a refund. The amount

of the refund shall not exceed those excess premiums paid for a period of up to six months prior to the date on which the action is processed and recorded, pursuant to the employee's or annuitant's request for retroactive cancellation or deletion of the ineligible family member.

**Proposed Amendments to Section 599.502, subdivision (f), subsections (4) through (12), formerly subsections (3) through (11):**

These subsections remain unchanged with the exception of subdivision "numbering."

- (43) An employee or annuitant who is not enrolled, but is covered under the Public Employees' Medical and Hospital Care Act and this subchapter by enrollment of a spouse, may enroll in the same plan as was the spouse for self alone or self and eligible family members within 60 calendar days after termination of the spouses enrollment. An employee who is not enrolled, but is covered by the enrollment of a parent, may enroll in any plan available within 60 calendar days after the termination of coverage as a family member. An employee or annuitant who is covered by enrollment of another under this subchapter may enroll in the same plan for self alone or self and eligible family members within 60 calendar days after the effective date of a change terminating his or her enrollment.
- (54) An employee who is enrolled as an annuitant and whose status as an annuitant terminates, may enroll in the same plan under which he or she was covered as an annuitant, in a manner which will continue coverage.
- (65) (A) An employee or annuitant who is enrolled in a plan with a restricted geographic service area and who moves, including all enrolled family members, or changes employment address may, within 31 calendar days before the move and ending 60 calendar days after the move, enroll in another health benefits plan.
- (B) An employee or annuitant who is enrolled in a plan with a restricted geographic service area and who moves, and whose enrolled family members do not move, may, within 31 calendar days before the move and ending 60 calendar days after the move, enroll in another health benefits plan.
- (C) An employee or annuitant who is enrolled in a plan with a restricted geographic service area and whose enrolled family members move, may within 31 calendar days before the move and ending 60 calendar days after the move, enroll in another health benefits plan.

- (D) An employee or annuitant who moves into, or commences employment within, the service area of a plan with a restricted geographic service area may change his or her enrollment to that plan within the period beginning 31 calendar days before and ending 60 calendar days after the move.
- (E) An employee or annuitant enrolled in a supplemental plan who moves, other than temporarily, out of the United States as defined in the Federal Social Security Act, may change his or her enrollment to the basic plan provided by the carrier of the supplemental plan.
- ~~(76)~~ An employee or annuitant who is enrolled in a health benefits plan which ceases to be an approved health benefits plan may enroll in another plan at any time within 60 calendar days after the date set by the Board for withdrawal of its approval of the plan.
- ~~(87)~~ When an employee or annuitant enrolled for self and family dies, leaving a family member as an annuitant entitled to enrollment in a health benefits plan, the enrollment shall continue by enrollment of the surviving annuitant. The family member annuitant may change or cancel the enrollment providing he or she does so within 60 calendar days of notification of continuation. The effective date of the change or cancellation shall be the first of the month following the death.
- ~~(98)~~ For purposes of this subsection (f) and subsection (a) of this section, a change in custody of a child, whether or not accompanied by a change in economic dependency, at the option of the enrolled employee or employees may be considered to terminate or begin eligibility of the child as a family member of the employee or employees affected by the change in custody.
- ~~(109)~~ An employee whose enrollment was continued under Section [599.504](#)(b), (c), (d), (e) or (g) may within 60 days of return to pay status make any change in enrollment which he or she could have made had he or she been in pay status during the continuation.
- ~~(1140)~~ Upon a determination by the Board or the Executive Officer that an employee or annuitant is unable to maintain a satisfactory physician-patient or plan-employee-annuitant relationship, the Board or Executive Officer may permit a change of enrollment to another plan.

(1244) An employee may add or delete family members under the provisions of this section during a period of continuation of enrollment under the provisions of Section 599.504.

**Proposed Amendment to Section 599.502, subdivision (f), subsection (12):**

(1312) Enrollment of any person in a supplemental plan may not be changed to enrollment in a basic plan unless there is an involuntary termination of Medicare benefits or as provided in subdivision (f)(6)(5)(E) of this section.

**Section 599.502, subdivisions (g) through (i):**

These subdivisions remain unchanged.

**Section 599.506, subdivisions (a) through (e):**

These subdivisions remain unchanged.

**Proposed New Section 599.506, subdivision (f):**

(f) Notwithstanding effective dates prescribed in this section, a termination or cancellation of enrollment based on a reduction in hours or time base must be effective prospectively only. Upon 30-day notice, terminations or cancellations for a reduction in hours or time base may be effective retroactively if coverage was based upon fraud or intentional misrepresentation of material fact.